

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1172 - SB 1262

March 4, 2021

SUMMARY OF BILL: Authorizes counties to require payment of 50 percent of the county school facilities privilege tax to be collected at the time an application for a building permit is filed.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The extent and timing of any shift in when such privilege tax revenue is collected cannot reasonably be determined; however, the net impact to local government revenue is considered not significant.

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-4-2902 through § 67-4-2911:
 - Counties which have experienced certain population growth are authorized to levy and collect a privilege tax on persons engaged in residential property development with proceeds utilized to defray the cost of providing school facilities;
 - Counties are authorized to levy a tax rate up to \$1.00 per square foot of residential development;
 - Counties compute the estimated tax liability when the application for a building permit is filed;
 - The tax is due the earlier of: (1) one year from the date of the issuance of the building permit; or (2) 30 days after the first transfer of title to the applicable property; and
 - The permit holder may request an extension for one year if the structure is not complete or the title has not been transferred after one year from the issuance of the building permit.
- The proposed language may result in a shift in when such taxes are collected. The extent and timing of such collection will be dependent upon the extent of counties which elect to alter when such taxes are collected, the extent of building permits issued in any given fiscal year within such county, and the extent of tax levied per square foot.
- While the precise extent and timing of such shift cannot reasonably be determined, the net impact to local government revenue is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

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